

## If You Work For A Nonprofit Organization

Before 1984, people who worked for nonprofit organizations did not pay into Social Security unless they specifically chose to take part in the program. But the law changed in January 1984; **since that time, all employees of nonprofit organizations are required to pay Social Security taxes.**

This factsheet explains some special rules about how employees of nonprofit religious, charitable or educational organizations may earn credits toward Social Security benefits.

### Social Security And Medicare Taxes

Generally, as an employee of a nonprofit organization, your earnings are subject to Social Security taxes if you are paid \$100 or more in a year. (People who work for profit-making organizations pay taxes on all their earnings, even if less than \$100.) But the Social Security tax rates you pay are the same as other workers. In 2000, you and your employer each pay 7.65 percent of your gross salary up to \$76,200. If you make more than that, you and your employer continue to pay the Medicare portion of the Social Security tax (1.45 percent each) on the rest of your earnings.

### If You Work For A Religious Organization

Some religious groups oppose paying Social Security taxes. By law, they are permitted to choose not to participate in the Social Security program.

When a religious group doesn't participate, it doesn't withhold those taxes from your wages or pay the matching share of Social Security taxes like other employers.

If you work for a religious organization that doesn't pay into the Social Security program, you must pay Social Security taxes if your earnings are more than \$100 per year. In effect, you are treated similarly to those who are self-employed. People who are self-employed don't pay Social Security until they reach \$400 of net earnings. The self-employment tax rate is 15.3 percent, although there are special tax credits you can take when you file your tax return. For more information about Social Security self-employment taxes, ask your Social Security office for a copy of the fact-sheet, *If You're Self-Employed* (Publication No. 05-10022).

### Credits Needed For Benefits

In 2000, you'll receive one Social Security credit for each \$780 of earnings, up to a maximum of four credits per year. In future years, the amount of earnings needed for a credit will rise as average earnings levels rise. The number of credits you must have to be eligible for Social Security benefits depends on your age and the type of benefit you're eligible for. The next three sections explain this in more detail.

#### *Retirement Benefits*

In order to be eligible for Social Security retirement benefits, people born in 1929 or later need 40 credits. Those born before 1929 need less than 40 (39 if born in 1928, 38 if born in 1927, etc.).

However, if you work for a nonprofit organization whose Social Security coverage was mandated by law starting in 1984, you may be able to receive retirement benefits with fewer credits. If you were **both** age 55 or older

**and** an employee of the organization on January 1, 1984, you'll need the number of credits listed in the table below. (The credits must be earned after January 1, 1984. This special rule does not apply if you declined Social Security coverage when it was offered by your employer prior to January 1, 1984.)

Nonprofit Organization Employees Age 55 or Older	
Your Age On January 1, 1984	Credits You Need
55 or 56	20
57	16
58	12
59	8
60 or older	6

### *Disability Benefits*

The number of credits you need for disability benefits depends on your age and when you become disabled. No one needs more than 40 credits (10 years of work), but you may need fewer. For more information about work credits needed for disability benefits, ask Social Security for a copy of the booklet, *Disability Benefits* (Publication No. 05-10029).

### *Survivors Benefits*

Survivors benefits may be payable to the widow or widower and minor children of a worker who earned enough Social Security credits. The number of credits needed depends on the worker's age at the time of death. As few as six credits (one-and-a-half years of work) are needed to pay benefits to the survivors of a worker age 28 or younger. The table in the next column gives examples of the work credits needed for survivors coverage of workers at other ages.

Work Credits Needed	
Age At Death	Credits
35	13
40	18
45	23
50	28
55	33

### For More Information

Check our website at [www.ssa.gov](http://www.ssa.gov) for answers to many of the questions you may have about Social Security. You also may call us toll-free at **1-800-772-1213**. We can answer specific questions by phone from 7 a.m. until 7 p.m. on business days and provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778 between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

### **Social Security Administration**

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